

Iowa Power Fund Board Meeting Minutes

September 26, 2007

Iowa Utilities Board Hearing Room
350 Maple St
Des Moines, Iowa

Call to Order

The meeting of the Iowa Power Fund Board was called to order by Chairperson Fred Hubbell at 9:00 a.m. on September 26, 2007 in the Iowa Utilities Board Offices, Des Moines, Iowa.

Introduction of Board and Due Diligence Committee Members* Present

Fred Hubbell (Chair), Public, Appointed by Governor, Des Moines

Glenn Cannon, Public, Appointed by Governor, Waverly

Peter Hemken, Public, Appointed by Governor, Des Moines

Carrie La Seur, Public, Appointed by Governor, Mount Vernon

Patricia Higby, Public, Appointed by Governor, Cedar Falls

Thomas Wind, Public, Appointed by Governor, Jefferson

Joan Conrad for John Norris, IA Utilities Boards, Agency Director, Des Moines

Mike Tramontina, IA Department of Economic Development, Agency Director, Des Moines

Sharon Tahtinen for Rich Leopold, IA Department Natural Resources, Agency Director, Des Moines

Susan Fenton for Bill Northey, IA Department of Agriculture and Land Stewardship, Secretary, Des Moines

Senator Hubert Houser, IA Sen. Min. Caucus, Ex-officio non-voting, Carson

Representative Nathan Reichert, IA House Maj. Caucus, Ex-officio, non-voting, Muscatine

Representative Chuck Soderberg, IA House Min. Caucus, Ex-officio non-voting, LeMars

Kent Henning, IA Private College, Ex-officio non-voting, Des Moines

Gregory Geoffroy, IA Board of Regents, Ex-officio non-voting, Ames

***Franklin Codel**, Public, Appointed by OEI, West Des Moines

***Vern Gebhart**, Public, Appointed by OEI, Marion

***Floyd Barwig**, Iowa Energy Center, Appointed by OEI, Ames

Members of Board and Due Diligence Committee Members* Not Present

Lucy Norton, Public, Appointed by Governor, Clive

Senator Roger Stewart, IA Sen. Maj. Caucus, Ex-officio non-voting, Preston

Mary Jo Dolan, IA Association of Community Colleges Trustees, Ex-officio non-voting, Des Moines

***Ted Crosbie**, Public, Appointed by OEI, Earlham

***Curt Hunter**, IA Board of Regents, Appointed by OEI, Coralville

Chair's Report (Fred Hubbell)

Chairperson Hubbell discussed how all Due Diligence Committee members will be invited to Iowa Power Fund Board meetings. Board members will also be encouraged to attend Due Diligence Committee meetings as a way to keep all interests aligned and make the decision making process more effective.

The Chairperson stressed the importance of involving all constituency groups and how meetings need be focused on decisions that are best for the State as opposed to optimizing opportunities.

Director's Report

Director Stanley gave a report of the status of staffing the Office of Energy Independence (OEI). The process of hiring staff has begun with interviews starting tomorrow. The anticipated structure will consist of an Executive Officer, a Program Planner, and an Executive Secretary in addition to the Director. In the interim DNR has provided Monica Stone, Sandy Redding, and Christina Iiams to help assist.

Director discussed the *LEAN* event and the importance of coordination and collaboration among state agencies represented on the board.

Roya presented on the results of the Lean event held September 18, 19, 20 to Board members. (A copy of this presentation is available upon request to the Iowa Office of Energy Independence.)

Board Operations

Chairperson Hubbell opened discussion on board operations. He stressed how the first meetings will be primarily about process, rules and communicating. In order to meet February 1st deadline open and full discussion is needed and members should encourage public discussion.

The chairperson then proposed a parliamentary approach to operations that consisted of open discussion and comment as opposed to Roberts Rule of Order. The process was discussed and general consensus approved the chairpersons proposed approach.

Review of internal operating budget challenges

Director Stanley discussed the legislation calling for an internal operating budget of 1.5% of the \$25 million, or \$370,000. Salaries and fringes for OEI FTE's will range from 420,000 to 444,000

The director brought up the idea of travel and how holding meetings around the state will fit into the overall budget. *Chairperson Hubbell stated that the budget will be a tough issue and more time needs to be spent on the issue.*

Allocation of money from the Power Fund for Due Diligence Committee and Energy Independence Plan

Director Stanley brought forth the idea of the 1 ½ % operating budget being expended to support the Due Diligence committee and Energy Independence Plan. The Director then introduced Julie Pottorff, Deputy Attorney General, and Deborah Svec-Carstens, Assoc. General Counsel with the Governors Office.

AM Public Comment

Jerry McKim, Department of Human Rights

Jerry discussed the problems of energy affordability and the role of the OEI to help develop a plan that would make energy more affordable for individuals. Jerry stated that Iowa is looking at 15,000 to 20,000 households who will enter the winter with no utility services. Jerry proposed the creation of the no interest revolving loan fund to help low income Iowans purchase energy.

Chairperson Hubbell suggested that it might be helpful if the Board could be given an idea what other states are doing to address this issue. Jerry McKim stated he would provide the additional data.

Matt Caswell, Iowa Soybean Association

Matt discussed the importance of coordination between state agencies as they create plans for renewable fuels. Matt stated that the coordination council needs to help the bio industry. The bio industry is up against strong competitors with large budgets. In Iowa production capacity is exceeding demand. The board needs to chose projects wisely and put money to good use.

House File 918 Discussion

Gregory Geoffrey: stated that in section 4, 469.4, paragraph 2, it says that the plan shall provide for achieving energy independence from foreign sources of energy by 2025. I would assume that the first step in that would be to determine how dependent we currently are on foreign sources of energy which probably means petroleum and natural gas. The ultimate goal of the energy plan, as I understand it, would be to completely replace our dependence on any imported natural gas or products derived from imported oil. Is that a correct statement?

Director Stanley: responded that the statement was correct but it needs to be in context the other goals of the plan. Economics, viability, and environmental soundness also need to be considered.

Gregory Geoffrey: pointed out that the statement explicitly states that by 2025 the plan would be concluding the importing of oil, natural gas and products derived from them.

Chair Hubbell: added that the statement is very broad, open ended and much discussion is needed on how realistic independence is.

Gregory Geoffrey: responded that this is a key topic for the group that will be brought up often.

Chairperson Hubbell: Asked for comments from the legislative members on the issue.

Representative Soderberg: stated that much time was spent trying to define foreign oil without limiting opportunities to work with Canada and Mexico.

Rep. Reichert: discussed his views on the definition of “energy independence,” and described discussions among legislators as the Power Fund bill was being drafted. He explained that in his mind, it means reducing the state’s reliance on foreign oil, and increasing the state’s ability to make its own decisions related to the use of energy and energy sources.

Patricia Higby: asked if “we” means the nation as a whole and not just Iowa?

Representative Reichert: responded that he ultimately means the nation as a whole, but as policy makers the focus needs to be on Iowa.

Senator Houser: stated that he thinks the Senate would be in agreement with the House that Iowa is not an island.

Statutes that Impact Government Officials

Julie Pottorff, reviewed various Iowa Codes that impact Board and Committee members as government officials. A handout was supplied. (A copy the handout is available through the OEI)

Administrative Procedures

Director Stanley reviewed In-State travel reimbursement guidelines.

Discussion of Committees

Chair Hubbell: Stated that the board is allowed to form committees and the due diligence committee may form sub-committees. He said Director Stanley and himself would like to form committees to work on rules, applications and planning. The chair asked for input.

Director Stanley: Voiced support for all three committees. She stated others may be formed in the future but for now the focus should be on the areas of rules, applications and planning.

Gregory Geoffroy: Asked about who will actually write the Energy Plan?

Director Stanley: Answered that she was in discussion with the Department of Natural Resources (DNR). The DNR is already providing data support around the plan and I expect to get additional help.

Chair Hubbell: Added that it is a job responsibility for all of the board member. The board won’t be writing it but they need to be involved and be knowledgeable of what it contains.

Committee Assignments

Rules Committee	Energy Plan Committee	Applications Committee
Glen Cannon	Tom Wind	Michael Tramontina
Carrie La Seur	Vern Gebhart	Dr. Gregory Geoffroy
Patricia Higby	Joan Conrad (John Norris)	Franklin Codel
Julie Pottorff	Sharon Tahtinen (Richard Leopold	Kent Henning
Deborah Svec-Carstens	Representative Chuck Soderberg	Floyd Barwig
Northey (assigned after 9/26 Meeting)	Representative Nathan Reichert	Lucy Norton

Representative Soderberg: Suggested that the committees meet prior or directly after the meeting.

Director Stanley: Stated that some committee meeting may be conducted by conference call.

Chair Hubbell: Added that this was not discussed earlier but he is comfortable with conference or video calls. He then asked if anyone had any issues with this being done.

Gregory Geoffroy: Asked if people have to be physically present for the quorum or not?

Julie Pottorff: Responded that they do not.

Sharon Tahtinen: Asked if voting needed to be in writing? She also asked if votes need to be recorded in a specific way when meetings are done by video-conferencing.

Julie Pottorff: Responded that minutes will have to reflect each of the votes and how all the members voted. You will need to make sure that individuals on the phone identify themselves.

Review of Rules Process

Julie Pottorff reviewed various aspects of rule making process. Handouts were supplied to each Board and Due Diligence Committee member. (A copy of these handouts are available from the OEI.)

Filing Rules

Director Stanley: Stated that two board meeting will be planned for October. The plan is to approve the rules and have them filed by the end of October. In December the Board and Due Diligence committee will go before the Admin Rules Review Committee. Both board and committee members need to be present to answer any questions of concern the review committee may have.

Chair Hubbell: Added that the Rules and Applications Committees should meet once or twice before the next board meeting. The Chair stated that it is his hope to complete the formal application, eligibility criteria, and selection criteria so it can be communicated to the public by the end of October.

Review of Draft Rules

Chair Hubbell: Stressed that even though committees have been formed, any board member should feel comfortable attending committee meetings even if they are not a committee member.

Chair let members know that the draft rules provided were developed by the Governors Office and other state agencies. Each rule will be reviewed one at a time and any issues, idea or suggestions should be voiced.

(Editor Note: These have been summarized – verbatim wording is available as an attachment)

CHAPTER 1 - RULES APPLICABLE TO ALL CHAPTERS

(Le Seur, Codel, Geoffroy, Hubbell)

There needs to be a better definition of energy independence; something that is less vague. Maybe it will be defined this summer after the plan goes out? The Rules Committee should look into it further during their meeting

CHAPTER 2 - ORGANIZATION OF OFFICE OF ENERGY INDEPENDENCE

(Hubbell, La Seur, Cannon, Stanley, Tramontina, Higby, Conrad, Tahtinen)

Advisory Committees: What oversight is needed of the advisory committees? Is board input needed for decision making?

2.2(4) gives OEI ability to pay for an agency to hire a contractor out of power fund monies. OEI has two options staffing options- hire a number of people or use existing resources within departments and agencies. Section 2.2(5) Gives OEI permission to conduct business in this way.

Deputy Director: Has a decision been made to hire a Deputy? Maybe the language should be more vague as to leave open the possibility of having more than one deputy.

CHAPTER 3 - IOWA POWER FUND BOARD AND DUE DILIGENCE COMMITTEE

(Hubbell, Pottorff, Tramontina, Cannon, Tahtinen, Geoffroy, Soderberg, Reichert, Gebhart, Conrad, Higby, Wind, La Seur, Barwig, Henning)

General Comments:

- Recommended to remove address, telephone, and website out of the rule.
- 350—3.3(3) suggestion that we designate committees. Language would give more flexibility if it does not specify what committees are.

State Agency Voting Designees: Statute needs to specify that only one designee from each of the 4 voting state agencies can be authorized to vote. This would promote valuable continuity. Other groups on the board may send non-voting designees to monitor the meetings.

Quorums: Do we need to identify here if participation by phone, electronic votes, etc. would count towards a quorum?

Board Chair & Vice Chair: Provision 3.2(1) sub d. says the Board annually elects a chairperson and vice-chair. Statute doesn't specify how to select a chair or vice-chair. Current positions were appointed by the Governor's office, do we live by that? The board needs to have independence from Governors Office and a provision establishing an election should be put into place.

Direction of Monies: 3.2(1) reads that the board may direct monies from the fund to be used to purchase private or public technical assistance needed to conduct due diligence activities and to develop an Iowa Energy Independence Plan. Right now the wording unnecessarily restricts what the board can direct money to be spent on; there are many scenarios, options, etc. that aren't being considered right now.

I don't think that the statute allows it to be broader, does it? This particular rule repeats on division of statute. I don't see any problem with the way you're describing, but we need to resolve where the funds come from (similar language shows up in 4.4(4)). Our primary control is the budget; we do not exceed the budget because it's coming out of the fund. I would suggest there is room to be broader in the language and we can decide from a budgetary management standpoint where we'd like to spend it. If we have the authority to charge a fee that would be a source of money to pay some scientist to do that review that wouldn't come from the fund. I don't know if we have the power to charge a fee (AG Pottorff will review). The Rules Committee and attorneys should try to figure this out to make sure we don't tie our hands too much by being too prescriptive. Maybe more general wording is needed.

Due Diligence committee: Does the committee want to have some different criteria in the selection and the evaluation methodology for their meetings and responsibilities? 3.2(2) d. states that the committee annually elects a chairperson and vice-chairperson. It might be more efficient for the Director of the OEI to run the meetings so that somebody doesn't have to chair and organize.

Conflict of Interest: On page 4 350—3.4: It says that the member having the conflict of interest shall not participate in the decision making process as distinct from the voting process. Does this mean they should not participate in debate as well as voting?

Questions that need to be addressed?

- When should conflict of interest be addressed?
- At what point should we disclose the information?
- What point in the process there needs to be disclosure?
- What is the form of the
- At what point might the AG's office be consulted (if an individual doesn't recuse themselves).
- Criteria for disclosure and potentially, recusal.
- Who decides what actually constitutes a conflict?

These are important questions to answer. We want our members to be involved but decisions need to be made on a fair basis. Maybe conflict of interest doesn't need to specifically in the rules but instead include a portion in the application dealing with conflict of interest.

CHAPTER 4 - IOWA POWER FUND FINANCIAL ASSISTANCE

(Conrad, Tramontina, Hubbell, Tahtinen, Stanley, Pottorff, Geoffroy, Wind, Soderberg, La Seur, Barwig, Cannon, Higby, Reichert, Codel, Henning, Gebhart)

Draft Application Review

Director Stanley reviewed with the Board a working draft of an application form. This application was revised from a form currently used by the Department of Economic Development. The Application committee will review the form and work on the details. It was discussed by the Board that there will probably be a need for various applications fine tuned to different sizes or types of projects. There was no discussion at this time of how to scale the projects in this manner.

Public Comments PM

Lana Ross

Community Action Association

Lana presented an overview of the Developmental Assessment and Resolution Program pilot program. The program has worked with 2500 households and involves a 5 step process. Families are given a resource assessment and taken through any program they are eligible to participate in. The families also go through a money management program where they assess where money comes from, how its coming in and what changes can be made to allow more expendable income. Lana stated that she hoped to be able to share the data and results of the project as it progresses.

Randy Olsen, Executive Director

Iowa Biodiesel Board

Randy thanked the board for the opportunity to comment and said he wanted to reiterate what Matt Caswell stated earlier in the meeting. He also pledged support from himself and the biodiesel industry to help leverage other dollars available.

Monte Shaw, Iowa Renewable Fuels Association

Monte discussed three specific areas. The first being conflict of interests. Monte stated that through experience with the renewable fuels infrastructure board he feels the definition of conflict of interest is narrow. The board needs to make sure they keep the public's trust but at the same time work to keep as many people involved as possible. The second topic Monte discussed was the idea of dividing money into "buckets". The third topic Monte discussed was changes to the contracts. Monte stressed that it is the board's job to control the money and before contracts are written they need to come back before the board before public meeting.

Michael Ott, BIOWA

Michael discussed what he felt the board could do to have the greatest impact and get the most for every dollar. Michael pointed that the board needs to look the time and impact a project is going to have before implementing it. He also hoped that the board will focus on what business can do and that focus needs to be on what Iowa's strengths are.

Scheduling Future Meeting Dates

Monday, 10/8 10:00 a.m. – 2:00 p.m. IUB
Friday, 11/9 10:00 a.m. – 3:00 p.m. IUB

Tuesday, 10/23 1:00 p.m. – 4:00 p.m. IUB
Monday, 12/3 10:00 a.m. – 3:00 p.m. No venue set

Meeting Adjourned 4:00 p.m.